

Required Report - public distribution

Date: 6/2/2009

GAIN Report Number: RP 9013

Philippines

OILSEEDS AND PRODUCTS ANNUAL

Oilseeds and Products Annual 20090

Approved By:

Emiko Purdy

Prepared By:

Perfecto G. Corpuz

Report Highlights:

Copra imports will increase in MY08/09 due to lower-than-expected copra production during the year and will likely stay at this level in MY09/10. No copra exports are expected through MY09/10 while soybean imports are likely to increase during the period due to stable prices. Copra meal and coconut oil (CNO) exports in MY08/09 will decline slightly from the previous year's level due to dampened overseas demand as a result of the global recession, and remain at this level due to continued weakness in copra meal demand and increased CNO use for local bio-diesel production in MY09/10. Lower-than-expected soybean meal (SBM) and soybean oil (SBO) production in MY08/09 will likely result in increased SBM and SBO imports during the year, and are likely to continue increasing through MY09/10 as a result of increased food demand.

Executive Summary:

Despite the food and fuel crisis followed by the start of the global recession last year, Philippine

GDP growth grew by 4.6 percent, slower compared to the 7.2 percent expansion in 2007, but near the upper end of the 4.1-4.8 percent official Philippine government (GRP) target. For 2009, Philippine GDP growth is still expected to be positive, albeit slower than the previous year's growth as the effects of the global recession are expected to be more pronounced this year. While overall merchandise trade is expected to be negatively affected by the global recession, the demand and trade behavior of Philippine oilseeds, oilmeals and oils through MY09/10 will also be influenced by the implementation of the local bio-fuels law, the holding of national elections in May 2010 and the lowering of regional import duties for pork and poultry meat imports.

Domestic copra production and crush will be lower-than-expected in MY07/08 and MY08/09 and copra imports will increase during the period. Despite this, local crush demand is expected to rise in MY08/09 and stay at this level the following year. Copra imports in MY09/10 are expected to remain at the previous year's level as adequate copra inventory levels are reached and no copra exports are expected in the next two (2). For soybeans, after less-than-expected imports in MY07/08 as a result of the spike in bean prices during the year, imports are expected to increase modestly through MY09/10 as a result of fairly stable world market prices.

High world market prices resulted in less-than-expected soybean meal (SBM) imports in MY07/08 but imports are expected to recover and increase considerably in MY08/09 due to strong feed demand from the domestic feed consuming industries. Copra meal demand in MY08/09, on the other hand, is expected to decline from the previous year's level as local feed demand shifts to more SBM use. Exports of copra meal during the period are expected to slightly decline from the previous year's level. Increased SBM consumption and consequently the rise in SBM imports in MY08/09 are expected to extend through MY09/10 enhanced by the stable global prices and increased demand leading to national elections scheduled in May 2010. Copra meal exports in MY09/10 are likely to remain at the previous year's level due to dampened overseas demand as a result of the global recession.

Local coconut oil (CNO) consumption is predicted to surge through MY09/10 as demand for CNO as bio-diesel feedstock is expected to rise and local mills reinforce CNO inventories during the period. Food and feed demand are also expected to increase leading to the May elections. Because of this, despite improved supply as a result of increased production compared to the MY07/08 level, CNO exports are likely to decline in MY08/09 and remain flat during the same period.

Commodities:

Oilseed, Copra
Oilseed, Soybean

Production:

Downward adjustments were made to Philippine copra production in MY08/09 to reflect 2008 coconut production estimates from the United Coconut Association of the Philippines (UCAP). The UCAP approximates projects coconut output this year to reach to 2.516 million MT and Post estimates production on a market year basis, or in MY08/09, to be marginally

higher. Local coconut output remains to be largely a function of weather conditions and the slightly higher copra output forecast this year is mainly due to above-normal rainfall in coconut growing regions in 2008. After 2 consecutive years of increasing production, local coconut production in MY09/10 will likely remain flat compared to the previous year's level.

Local soybean production, on the other hand, is expected to remain insignificant relative to overall Philippine oilseed output through MY09/10. No dramatic change in soybean output is predicted during the period.

The GRP has reportedly allocated P3 billion (\$62.5 million) for coconut planting and fertilization under its National Coconut Productivity Program (NCP) to double coconut output. According to press reports, the Philippine Coconut Authority (PCA) targets the planting of more coconut seedlings from 7.9 coconut seedlings planted last year to 10 million coconut seedlings in 2009. The NCCP reportedly includes a P350 million (\$7.3 million) replanting program, a salt fertilization project costing P2.6 billion (\$54 million), and an intercropping program worth P150 million (\$3.1 million).

Consumption:

Copra crush continues to be the dominant use of local copra and is basically a function of local copra supply. Hence, copra crush in MY08/09 was pared down modestly as a result of less-than-expected copra production during the year. Copra crush during the year, however, is still expected to increase from the MY07/08 level mainly driven by increased CNO demand for coconut methyl ester (CME) or bio-diesel production. Copra crush in MY09/10 will likely remain flat compared to the previous year's level as a result of no significant change in copra output.

With no local commercial bean production, soybean crush mirrors the behavior of soybean imports. All components of local soybeans consumption (crush, food and feed use) in MY07/08 and MY08/09 were revised downwards as a result of the steep decline in overall soybean supply during the period. Despite the reduction in overall soybean consumption in MY08/09, bean crush and food and feed demand is expected to still surpass the previous years' level marginally due to improved bean supply. The increasing trend in overall soybean demand is likely to extend through MY09/10 due to increasing food demand in anticipation of the 2010 national elections. Feed use and waste losses in the next 2 years, however, are expected to remain flat compared to the MY07/08 level.

Trade:

Copra imports in MY07/08 and CY2008 were slightly raised based on data from the World Trade Atlas (WTA). The following year or in MY08/09, copra imports are likely to increase modestly as local millers strengthen existing inventories in anticipation of increased crush operations as a result of strong and increasing local CNO demand. Copra imports in MY09/10 are expected to remain at the this level basically as a result of adequate stock levels. No copra exports are expected in the next 2 years or through MY09/10 due to firm domestic crush demand and no significant change in copra output during the period.

Imports of soybeans account for the great majority of local soybean supply and bean imports in MY07/08 were reduced considerably as a result of the spike in overall global oilseed prices during the period. Bean imports in MY08/09 were likewise revised downwards but are expected to exceed the previous year's level as prices ease and stabilize. Stable bean prices is likely to result in a modest increase in whole bean imports in MY09/10.

Stocks:Copra ending stocks in MY07/08 were slightly raised as a result of marginally higher copra imports during the year. No dramatic movement in copra stocks are expected in the next 2 years. Soybean inventory in MY07/08, on the other hand, was pared down slightly as a result of a drastic reduction in overall bean supply during the year. Like copra stocks, soybean inventories are expected to remain at the MY07/08 level through MY09/10.

Policy:

President Arroyo signed into law in March of this year Republic Act 9524 or the P1.4 trillion (\$29.5 billion) national budget for 2009. Republic Act 9524 reportedly directs resources to activities that will spur the economy, create jobs, build infrastructure and increase social services. This year's outlay of P1.4 trillion (\$29.5 billion) is reportedly P188 billion (\$3.9 billion) bigger than last year's budget level of P1.226 trillion (\$25.5 billion). The Philippine Department of Agriculture's (DA) budget for 2009 is roughly P42 billion (\$875 million), 67 percent more than its budget last year.

According to the January 2009 Tariff and Customs Code of the Philippines, copra imports (HS Code 12.03) are levied a 10 percent import tariff while soybeans (HS Code 12.01) carry a one (1) percent import duty under the Most Favored Nation (MFN) tariff scheme for the period 2008-2010. Copra imports originating from other ASEAN countries have a lower five (5) percent import duty, except those coming from Thailand, while imported soybean from the region may be brought in duty-free under the Common Effective Preferential Tariff (CEPT) system of the ASEAN region from 2008-2010.

Production, Supply and Demand Data Statistics:

Oilseed, Copra Philippines	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Planted	3,150	3,200	3,150	3,150	3,200	3,150			3,150
Area Harvested	2,900	2,925	2,900	2,900	2,935	2,900			2,900
Trees	280,000	300,000	280,000	280,000	310,000	280,000			280,000
Beginning Stocks	37	21	37	75	66	77			77
Production	2,500	2,500	2,500	2,600	2,600	2,520			2,520
MY Imports	88	45	90	100	30	100			100
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	2,625	2,566	2,627	2,775	2,696	2,697			2,697
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Crush	2,550	2,500	2,550	2,700	2,630	2,620			2,620
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	0	0	0	0	0	0			0
Total Dom. Cons.	2,550	2,500	2,550	2,700	2,630	2,620			2,620
Ending Stocks	75	66	77	75	66	77			77
Total Distribution	2,625	2,566	2,627	2,775	2,696	2,697			2,697
CY Imports	88	20	94	100	0	100			100

CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	0	0	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

Oilseed, Soybean Philippines	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Planted	0	0	0	0	0	0			0
Area Harvested	1	1	1	1	1	1			1
Beginning Stocks	7	7	7	5	4	2			2
Production	1	1	1	1	1	1			1
MY Imports	90	100	41	120	85	50			55
MY Imp. from U.S.	70	55	22	90	40	25			27
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	98	108	49	126	90	53			58
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Crush	76	90	38	104	75	41			45
Food Use Dom. Cons.	15	12	8	15	10	9			10
Feed Waste Dom. Cons.	2	2	1	2	2	1			1
Total Dom. Cons.	93	104	47	121	87	51			56
Ending Stocks	5	4	2	5	3	2			2
Total Distribution	98	108	49	126	90	53			58
CY Imports	100	120	41	130	0	50			55
CY Imp. from U.S.	70	70	22	90	0	25			27
CY Exports	0	0	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

Commodities:

Meal, Copra

Meal, Soybean

Production:

Copra meal production in MY08/09 was pared down due to downward adjustments made to copra crush during the period. Despite the lower than expected copra meal output in MY08/09, however, production during the year will still likely exceed the MY07/08 level. The following

year, copra meal production is expected to remain flat compared to the MY08/09 level reflecting the predicted zero growth in copra output, and consequently copra crush, during the period.

For SBM production, downward adjustments were made in MY07/08 as a result of downward revisions made to crush during the year. SBM production through MY09/10 is expected to increase, albeit in marginal increments, due to slight improvements in soybean crush during the period.

Consumption:

Data from the Bureau of Agricultural Statistics (BAS) of the Philippine Department of Agriculture (DA) reveal that in 2008 the local agricultural sector slowed to 3.9 percent from the previous year's 4.6 expansion. All subsectors posted gains during the period except for the livestock subsector. The latter contracted 1.06 percent due to lower hog production while output of the local poultry industry expanded 4.71 percent. Average farmgate prices in 2008 increased 14.82 percent from the previous year's level. Save the poultry subsector, all components of Philippine agriculture registered double-digit price increases. Paddy rice production remains to be the largest single contributor to the growth of the domestic farm sector accounting for 20 percent of overall farm output in 2008. The domestic hog and poultry industries came in second and third accounting for 13 and 8 percent, respectively, of overall Philippine agricultural output last year.

This year, the agriculture sector is projected to grow by four (4) percent, enhanced by a significantly higher DA budget for 2009. The livestock and fisheries sub-sectors will be the growth drivers for farm sector, according to some local economists. DA officials had earlier estimated output of the local livestock and fisheries industries to grow by 4 percent and seven (7) percent, respectively.

Despite the expected slowdown of the Philippine economy this year (see CONSUMPTION, Oils), firm feedgrain demand by the domestic feed-consuming industries is expected to continue in the next 2 years as the domestic hog and poultry industries are expected to put more effort in improving production efficiency and increase its competitiveness in anticipation of the lowering of regional duties for pork and poultry meat imports (refer to p.6, GAIN 2002). In addition, increased campaign spending leading to national elections in May 2010 is expected to increase feed demand by the local livestock, poultry and aquaculture industries. Shifts in oilmeal consumption are, however, expected starting MY08/09 onwards.

SBM consumption in MY07/08 was revised downwards due to lower-than-expected production and supply during the period. The following year, copra meal consumption was pared down while SBM use raised considerably as a shift away from copra meal to SBM consumption is predicted in MY08/09. As mentioned in the previous annual report (p. 7, GAIN 8028) copra meal is not really a protein-source feed ingredient and is used to substitute for SBM when the prices of the latter become prohibitive. Hence, the increased SBM use in MY08/09 is expected to extend to MY09/10 as stable global SBM prices will enhance efforts of the local livestock and poultry industries to improve its competitiveness. No dramatic change in copra meal consumption in MY09/10 is expected compared to the MY08/09 level as a result.

Trade:

Overall SBM imports and those from the U.S. in MY07/08 were reduced as a result of high global prices. The new estimates were based on WTA data.

Copra meal exports were revised downwards in MY08/09 and are expected to slightly decline from the previous year's level due to dampened overseas demand as a result of the global recession. Regional neighbors (Korea, Vietnam and Japan) are the likely destinations of copra meal exports during the period. SBM imports during the year, on the other hand, are likely to increase from the previous year's level, enhanced by stable world market SBM prices. Weaker SBM export prospects by Argentina, and lower overall South American supplies, are likely to result in increased U.S. market share during the year.

With no significant change in copra meal production, exports of copra meal in M09/10 are likely to remain at the previous year's level. SMB exports during the same period, however, are expected to continue its increasing trend, enhanced by increased meat demand leading to the scheduled national elections in May 2010 and stable global SBM prices.

Stocks:

Copra meal stocks are predicted to grow modestly through MY09/10 as a result of the predicted shift away from copra meal use to SBM demand. A similar increasing trend is predicted for SBM inventories as feed manufacturers and users reinforce inventories in anticipation of the rise in feed demand during the period.

Policy:

Copra meal imports (HS Code 2306.50.00) are levied a 10 percent MFN import tariff but may be brought in at a lower 3 percent duty under the CEPT scheme of the ASEAN region from 2008 to 2010. Imports of SBM (HS Code 23.04) during the same period are levied a 3 percent MFN rate and are duty-free under the CEPT scheme. The SBM-MFN tariff may be waived if brought in under the Agriculture and Fisheries Modernization Act, subject to the submission of Certificate of Eligibility or Certificate of Accreditation issued by the DA-Regional Fisheries Units, Bureau of Fisheries and Aquatic Resources, Department of Trade and Industry's regional and provincial offices, or the Board of Investments.

Production, Supply and Demand Data Statistics:

Meal, Copra Philippines	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	2,550	2,500	2,550	2,700	2,630	2,620			2,620
Extr. Rate, 999.9999	0.	0.	0.3275	0.	0.	0.3263			0.3263
Beginning Stocks	194	155	194	152	200	152			157
Production	835	805	835	885	855	855			855
MY Imports	0	0	0	0	0	0			0
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	1,029	960	1,029	1,037	1,055	1,007			1,012
MY Exports	533	420	533	550	440	520			520
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	344	340	344	340	340	330			330
Total Dom. Cons.	344	340	344	340	340	330			330

Ending Stocks	152	200	152	147	275	157			162
Total Distribution	1,029	960	1,029	1,037	1,055	1,007			1,012
CY Imports	0	0	0	0	0	0			0
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	473	400	473	550	0	450			450
CY Exp. to U.S.	0	0	0	0	0	0			0
SME	155	154	155	154	154	149			149
TS=TD			0			0			0

Meal, Soybean Philippines	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	76	115	38	104	85	41			45
Extr. Rate, 999.9999	1.	1.	0.7895	1.	1.	0.7561			0.7556
Beginning Stocks	58	58	58	35	49	32			43
Production	61	91	30	84	67	31			34
MY Imports	1,450	1,100	1,164	1,415	1,100	1,500			1,600
MY Imp. from U.S.	550	700	346	550	700	550			600
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	1,569	1,249	1,252	1,534	1,216	1,563			1,677
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	0	0	0	0	0	0			0
Food Use Dom. Cons.	0	0	0	0	0	0			0
Feed Waste Dom. Cons.	1,534	1,200	1,220	1,500	1,200	1,520			1,630
Total Dom. Cons.	1,534	1,200	1,220	1,500	1,200	1,520			1,630
Ending Stocks	35	49	32	34	16	43			47
Total Distribution	1,569	1,249	1,252	1,534	1,216	1,563			1,677
CY Imports	1,450	1,100	1,164	1,400	0	1,500			1,600
CY Imp. from U.S.	550	300	346	525	0	550			600
CY Exports	0	0	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0	0	0			0
SME	1,534	1,200	1,220	1,500	1,200	1,520			1,630
TS=TD			0			0			0

Commodities:

Oil, Coconut

Oil, Soybean

Production:

SBO production in MY07/08 was adjusted downwards due to the significant reduction in soybean supply and consequently soybean crush during the year. A marginal increase from the MY07/08 is predicted for SBO production the following year as a slight improvement in bean supply is likely during the period. SBO output is likely to stay at the MY08/09 level in MY09/10 due to general uncertainty brought about by the outcome of the 2010 national elections as well as recovery from the global economic crisis.

Downward revisions were made to local CNO production in MY08/09 as a result of lower crush consumption during the period. CNO output during the year, however, is still expected to increase from the MY07/08 level. The following year or in MY09/10, CNO production is predicted to approximate the previous year's level.

Consumption:

Despite the food and fuel crisis followed by the start of the global recession last year, Philippine GDP growth still managed to grow by 4.6 percent, slower compared to the 7.2 percent expansion in 2007, but near the upper end of the 4.1-4.8 percent official GRP target. Remittances from Overseas Filipino Workers (OFWs) continued to be the bright spot of Philippine GDP reaching an estimated \$17 billion last year. Local economists agree that OFW remittances have helped shield the Philippines from effects of the global economic meltdown in 2008. Remittances from OFWs helped firm up domestic consumption by keeping rising inflation in check. Full year inflation for 2008 is estimated at 9.3 percent, peaking at 12.4 percent in August and falling to a single-digit rate in November 2008. Inflation since then has been falling. It was at 6.4 percent in March 2009, down from 7.3 percent the previous month. This brings the average inflation rate so far this year to 6.9 percent, closer to the official target of 3.9 percent for 2009. Inflation is reportedly forecasted within a 3.5-5.5 percent target range in 2010.

GRP planners predict the ill effects of the global crisis to be more pronounced in 2009 and expect OFW remittances to decline during the year. The Philippine Central Bank, however, does not expect any contraction in OFW remittances in 2009. Merchandise exports are expected to be affected severely, however, mainly due to a drop in semiconductor exports. Exports of the latter (which contribute more than 60 percent of total exports) are reportedly expected to slow by as much as a tenth this year. Unemployment last year reportedly averaged 6.8 percent and is also a concern. In January this year, the jobless rate was at 7.7 percent while those who have jobs but want to work more, reportedly also rose to 18.2 percent of total employed in January.

Despite the threats, official Philippine GDP growth will still be positive in 2009. The GRP had originally forecasted GDP to grow 3.7-4.7 percent this year but downscaled the target to 3.7-4.4 percent in February 2009 as a result of shrinking exports. The bottom end of the 2009 growth target was recently reduced further to 3.1 percent. The International Monetary Fund (IMF), on the other hand, in its February 2009 assessment, projects Philippine GDP in 2009 to grow at a slower 2.25 percent while the Asian Development Bank's projects a GDP growth rate of 2.5 percent this year. This compares to the even lower GDP growth projection of 1.9 percent from the World Bank. A P330 billion (\$6.9 billion) stimulus package, equivalent to roughly 4 percent of GDP, has been announced by the administration of President Gloria Macapagal-Arroyo. Formally called an "Economic Resiliency Plan", the package has a heavy emphasis on infrastructure spending.

Local CNO consumption is expected to increase through MY09/10 driven mainly by strong industrial demand, mainly for CME production, and is premised on the use of higher bio-diesel ratios in local petro-diesel. Food and feed use of CNO in the next 2 years are also

expected to register slight gains compared to the previous year's levels in anticipation of increased demand leading to the 2010 national elections. Less competition from imported vegetable oils during the period is expected due to comparatively cheap CNO prices.

For SBO, overall domestic consumption was revised downwards in MY07/08 due to decreased supply and demand is expected to stay at this level in MY08/09 as a result of the predicted slowdown of the Philippine economy. SBO consumption in MY09/10 is predicted to increase marginally from the previous year's level mainly as a result of a slight increase in food use (dressings, mayonnaise, etc.) leading to national elections in May 2010.

Trade:

According to the UCAP, CNO exports in CY2008 consisted of 546,546 MT of crude coconut oil, 286,012 MT refined, bleached oil (cochin oil), and 15,068 MT of refined, bleached and deodorized oil (RBD oil). Europe (Netherlands, Italy, Spain and the UK) was the top importer of crude coconut oil accounting for an estimated 62 percent of all crude coconut oil exports followed by the U.S. The United States was leading importer of cochin oil accounting for 79 percent of all cochin oil exports last year followed by Japan and Korea. For RBD oil, 30 percent of all RBD oil exports were destined for making it the primary buyer of Philippine RBD oil.

Philippine economic planners in February this year reportedly had predicted a 7 percent export contraction for overall merchandise exports in 2009 but noted that it will require a downward adjustment as the local electronics industry predicts a steeper 20-30 percent decline in exports this year, according to press reports. The negative 7 percent projection in February, already a reduction of an earlier 3 percent contraction estimate, considered a 10 percent negative growth in electronics shipments. The same planners assert that a double-digit rebound may come as early as 2010 should the world economy improve and global demand begins to recover.

UCAP anticipates a slight drop in exports in CY2009 to 835,000 MT as more CNO is expected to be used as bio-diesel feedstock. The GRP had earlier predicted CNO exports at one million tons in CY2009 but qualified this was difficult to achieve given the dampened overseas demand as a result of the global economic recession. On a market year basis, CNO exports in MY08/09 are expected to slightly decline from the previous year's level as more emphasis is expected to be given to the domestic CNO market given the dampened export demand as a result of the global slowdown. CNO exports are expected to remain at this level in MY09/10 as local demand for bio-diesel further strengthens.

SBO imports in MY07/08 were reduced consistent with trade data from the WTA. The less-than-expected SBO imports during the year were likely the result of high world market prices during the period. SBO imports in MY08/09 are expected to increase from the previous year's level enhanced by stable global prices and are again predicted to increase marginally the following year or in MY09/10 due to a slight increase in local food use demand.

Stocks:

CNO stocks are expected to increase in MY08/09 compared to the previous year's level due to the expected decline in exports and the heightened domestic demand for CME. Local millers are likely to position themselves by building CNO stocks in anticipation of an increase in the mandated bio-diesel blend in local petroleum-diesel by the end of 2009 or early 2010. CNO ending inventories are likely to decline in MY09/10 as a result of increased CNO consumption for bio-diesel production.

No SBO ending inventories are expected through MY09/10.

Policy:

For the period 2008-2010, CNO imports (HS Code 15.13) are levied a 10 percent MFN import tariff but may be brought in duty-free under the CEPT scheme of the ASEAN region, except for crude CNO (HS Code 1513 11.00) which is subject to a 3 percent CEPT tariff. Imports of SBO, (HS Code 15.07) on the other hand, are subject to a seven (7) percent MFN tariff but may be imported free of duty under the CEPT scheme except for refined SBO coming from Cambodia.

Production, Supply and Demand Data Statistics:

Oil, Coconut Philippines	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	2,550	2,500	2,550	2,700	2,630	2,620			2,620
Extr. Rate, 999.9999	1.	1.	0.6176	1.	1.	0.6183			0.6183
Beginning Stocks	90	71	90	156	126	156			200
Production	1,575	1,560	1,575	1,657	1,650	1,620			1,620
MY Imports	0	0	0	0	0	0			0
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	1,665	1,631	1,665	1,813	1,776	1,776			1,820
MY Exports	957	1,000	957	1,120	1,100	950			950
MY Exp. to EU	450	475	450	450	490	450			450
Industrial Dom. Cons.	295	285	295	312	290	365			435
Food Use Dom. Cons.	247	205	247	233	210	250			253
Feed Waste Dom. Cons.	10	15	10	10	15	11			12
Total Dom. Cons.	552	505	552	555	515	626			700
Ending Stocks	156	126	156	138	161	200			170
Total Distribution	1,665	1,631	1,665	1,813	1,776	1,776			1,820
CY Imports	0	0	0	0	0	0			0
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	880	850	850	1,150	0	835			835
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0

Oil, Soybean Philippines	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Crush	76	115	38	104	85	41			45
Extr. Rate, 999.9999	0.	0.	0.1579	0.	0.	0.1707			0.1556
Beginning Stocks	5	7	5	0	3	0			0
Production	13	20	6	18	15	7			7

MY Imports	5	11	3	7	10	7			8
MY Imp. from U.S.	0	0	0	0	0	0			0
MY Imp. from EU	0	0	0	0	0	0			0
Total Supply	23	38	14	25	28	14			15
MY Exports	0	0	0	0	0	0			0
MY Exp. to EU	0	0	0	0	0	0			0
Industrial Dom. Cons.	5	2	1	4	1	1			1
Food Use Dom. Cons.	18	33	13	21	25	13			14
Feed Waste Dom. Cons.	0	0	0	0	0	0			0
Total Dom. Cons.	23	35	14	25	26	14			15
Ending Stocks	0	3	0	0	2	0			0
Total Distribution	23	38	14	25	28	14			15
CY Imports	5	17	3	7	0	7			8
CY Imp. from U.S.	0	0	0	0	0	0			0
CY Exports	0	0	0	0	0	0			0
CY Exp. to U.S.	0	0	0	0	0	0			0
TS=TD			0			0			0